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Central Intelligence Bulletin

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ISRAEL: Prime Minister Meir has denied press reports that she has threatened to resign. Mrs. Meir appears to be pressing ahead with efforts to preserve her coalition government and to overcome differences within her Labor Alignment brought on by demands for Defense Minister Dayan's resignation.

Dayan's Rafi faction is determined to prevent his being made the political scapegoat for the military shortcomings highlighted in the Agranat Commission's report, and it is still insisting that all cabinet members or none resign.

There appears to be growing sentiment within the government for a solution that would transfer Dayan to another portfolio but would not require the entire cabinet to resign. Mrs. Meir is said to favor a cabinet reshuffle along these lines.

The desire to avoid a cabinet resignation reflects the increasing concern within the Labor Alignment that Mrs. Meir may refuse to head a new cabinet if the present one is forced out over the Dayan issue. Labor leaders fear that this would lead to an immediate succession struggle, which they believe the party is not now prepared to face.

The leaders of Mrs. Meir's two coalition partners, the National Religious Party and the Independent Liberal Party, also are said to oppose the resignation of the entire cabinet. They fear that such a move might only aggravate their own internal divisions.

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SOUTH KOREA: [redacted]

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Seoul has been relatively quiet since April 3, when the government issued a decree banning student political activity outright and providing harsh penalties, including death, for any violations. Political tensions remain high, however, as the more determined student, Christian, and intellectual dissidents seek ways to intensify public pressure for Pak's removal from leadership. [redacted]

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PORUGAL: A Portuguese leftist organization has claimed responsibility for the explosion last night on a Portuguese troopship minutes before it was scheduled to sail for Portuguese Guinea.

The organization, called the "Revolutionary Brigades," has been involved in similar terrorist actions in Portugal since 1971. It reportedly is connected with a dissident leftist exile group headquartered in Algiers.

The incident occurs at a time when the Portuguese Government is deeply troubled by a dispute over the country's overseas policy. If the government concludes that dissidents plan to capitalize on this controversy to launch a series of sabotage activities, it will clamp down hard. The National Assembly, for example, would not hesitate to grant Prime Minister Caetano the power to revoke individual liberties to combat subversion, should he ask for it. [redacted]

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SOUTH ASIA: The agreement hammered out in New Delhi during the past five days by the foreign ministers of India, Pakistan, and Bangladesh goes a long way toward normalizing relations on the subcontinent.

The accord, made public today, provides for the release of 195 Pakistani prisoners of war who have been held in India since the end of the Indo-Pakistani war for possible war crimes trials in Bangladesh. In return for this major concession by Dacca, Pakistan reportedly has agreed to accept more Biharis--non-Bengalee Muslims--from Bangladesh and to review the applications of still more.

The accord takes reconciliation beyond Pakistan's recognition of Bangladesh last February, which broke the two-year stalemate between Karachi and Dacca. It permits the two to begin bilateral negotiations on various matters, including the division of the former east wing's pre-1971 debts and assets and the establishment of trade and communication ties.

For their part, India and Pakistan have agreed to begin discussions on the resumption of postal and telecommunications and travel links. Other facets of the 1972 Simla Agreement--air links, and overflight privileges, trade and economic ties, scientific and cultural exchanges, and cooperation--are to be discussed and implemented as soon as possible.

Bengalee Prime Minister Mujibur Rahman is scheduled to arrive in New Delhi today en route home after three weeks in Moscow for medical treatment. He and Prime Ministers Gandhi and Bhutto are expected to give their formal approval to the accord promptly. 25X1

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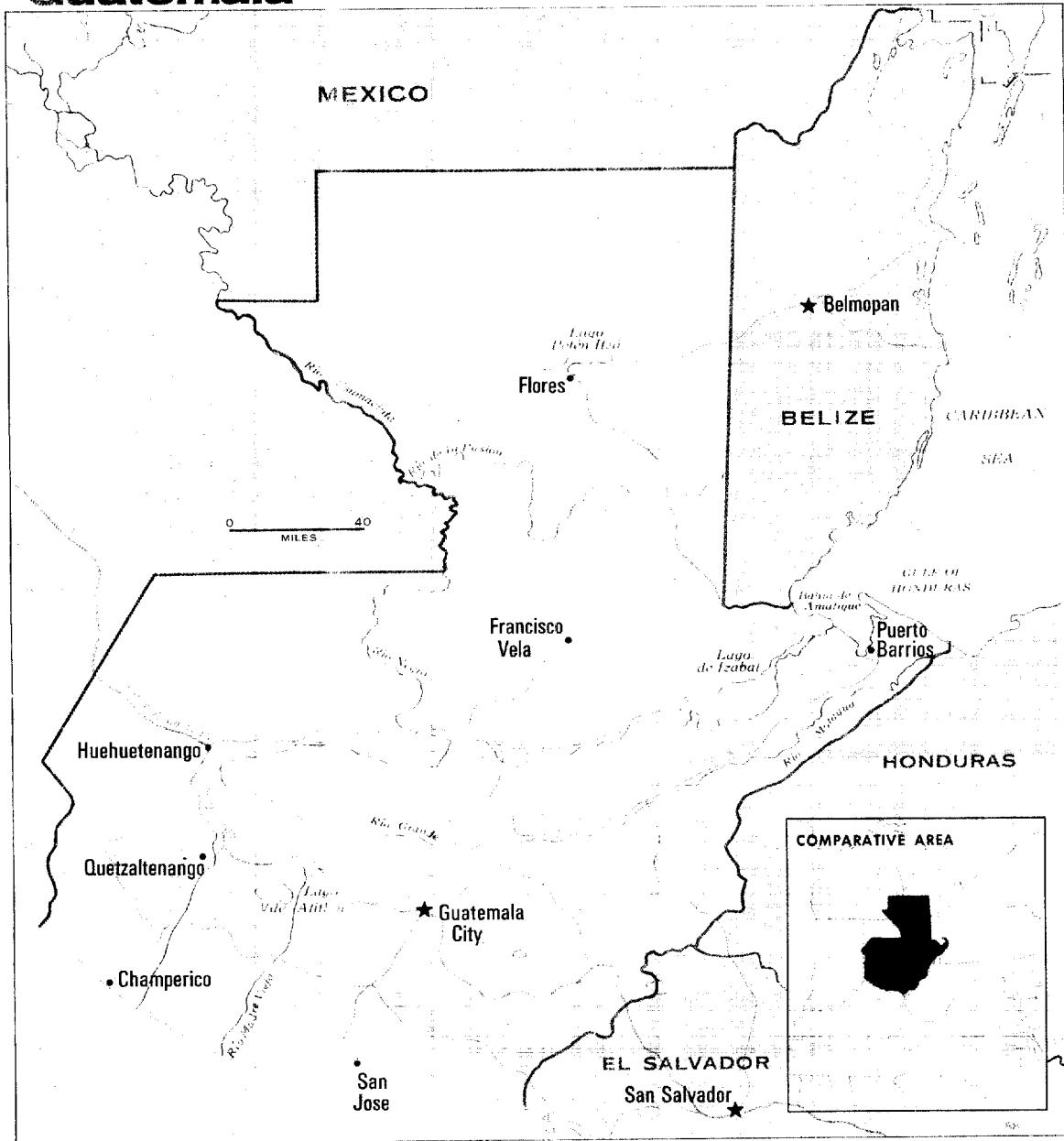
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Guatemala



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GUATEMALA: A series of attacks on government facilities over the past two weeks may be part of a terrorist campaign protesting fraud in the presidential election last month.

The incidents--hit-and-run bombings and acts of sabotage--appear to have been the work of leftist extremists. The most serious occurred in the interior city of Quezaltenango, where incendiary bombs exploded in the home of a government coalition congressman-elect and in the coalition headquarters. The extremist Rebel Armed Forces claimed credit for cutting telephone lines in the city. An arson attack on a municipal building in another city and the sabotage of telephone lines in Guatemala City also may have been carried out by political extremists. Another incident--a grenade tossed into a police hospital in the capital--may have been retaliation for alleged police involvement in the assassination of an antigovernment journalist. His funeral had just been held in a church adjacent to the hospital.

The wave of violence, if it continues, is likely to draw a harsh response from the government, which has regularly cracked down hard on opposition elements it believed were responsible for terrorist incidents. The election fraud has created a climate ripe for extremist terrorism and government counterterrorism. While opposition leaders, such as the leftist mayor of Guatemala City, are renouncing rough tactics, they contend that many people who are angry over the electoral fraud will turn to violence. [redacted]

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LAOS: The newly formed coalition government in Vientiane is trying to obtain economic development assistance from the USSR and Eastern Europe. If such aid is granted, it will be the first in more than a decade.

Prime Minister Souvanna Phouma has said that Laos will seek to revive the estimated \$3.5-million Soviet aid agreement signed in 1962. That agreement was suspended the following year after the Pathet Lao withdrew from the last coalition government.

Souvanna wishes to give priority to construction of a highway network through Pathet Lao - controlled territory to North and South Vietnam. Such a network would give Laos a more direct route to the sea for its mineral exports--almost exclusively tin concentrates--which now go through Thailand. Vientiane has discussed this project with Saigon in the past, but nothing was done, in part because the plan would require clearing the Viet Cong from a considerable amount of South Vietnamese territory.

Souvanna is also interested in bridging the Mekong near Vientiane as part of a longer range plan to provide a direct overland link with Bangkok.

The primitive Laotian economy needs relatively large amounts of foreign assistance. Recent economic aid has been around \$65-70 million a year, primarily for the financing of imports. Most of this was provided by the US. Even though the \$3.5 million in Soviet aid would be a modest increment, it would represent an auspicious beginning for the new government. Moscow has not yet responded, but its response will probably be favorable.

AUSTRALIA: Defense Minister Barnard has announced a five-year defense plan that he claims will provide the largest and best equipped peacetime army Australia has ever had. The timing of the announcement is a political move aimed at undercutting opposition criticism of earlier cuts in the defense budget.

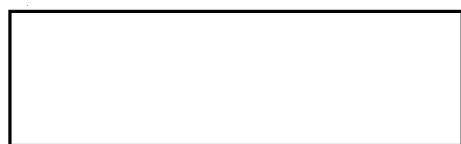
The plan calls for increasing the army's strength from 31,000 to 54,000 men by 1976, and for spending \$500 million for the procurement of new equipment, including 2 US-built light destroyers, 8 long-range maritime patrol planes, 53 tanks, and 45 support vehicles. Canberra has apparently not yet decided on which aircraft and tanks to purchase.

Increasing the army's strength by almost 75 percent in two years may be an unrealistic goal. Australia abolished the draft in 1972, and the army currently is 3,000 men short of its authorized strength.

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